



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs

Group

Division of Integrated Health Systems
7500 Security Boulevard
Baltimore, MD 21244-1850

April 20, 2001

Ms. Kathleen Gifford
Assistant Secretary
Office of Medicaid Policy and Planning
402 W Washington Street, Room W382
Indianapolis, Indiana 46204-2739

Dear Ms. Gifford:

We are pleased to inform you that the Health Care Financing Administration (HCFA) is approving the State of Indiana's request for a two-year continuation of the Hoosier Healthwise program. Hoosier Healthwise is a Medicaid managed care freedom of choice program operated under the authority of Section 1915(b)(1) of the Social Security Act (the Act). The program is comprised of a primary care case management program entitled PrimeStep and a risk-based managed care program.

Indiana is granted a waiver of Section 1915(b)(1), Section 1915(b)(2) and Section 1915(b)(4) of the Act to allow the continuation of the Hoosier Healthwise Medicaid managed care program and a waiver of Section 1902(a)(23) to allow the State to limit freedom of choice. This decision is based upon the documentation provided demonstrating that the State's waiver program is consistent with the purposes of the Medicaid program and will continue to meet statutory and regulatory requirements for assuring beneficiaries access to care and quality of services while demonstrating that the program is cost effective.

Please note that waiver approval is contingent on the following conditions:

1. The State will comprehensively identify, or require the MCOs to comprehensively identify, the number of children enrolled in the MCOs who are in category 5 of the Balance Budget Act (BBA) definition of Children with Special Health Care Needs (CSHCN). These children may be identified either through aid code analysis, or, if necessary, through manual review. The State will submit these data to the HCFA on an annual basis.
2. With respect to quality of care, the State will conduct a study which will stratify its analyses such that outcomes for children in category 5 of the BBA definition of CSHCN enrolled in the MCOs are discussed and assessed. As an alternative, the State may perform a quality study that focuses on children in category 5 of the BBA definition who are enrolled in the MCOs.

3. The State will review complaints and grievances and track those cases involving children identified in category 5 of the BBA definition of CSCHN enrolled in the MCOs (a manual review is acceptable). On an annual basis, the State will report to HCFA the number of complaints and grievances for this group, and submit an analysis of type and number of complaints and grievances filed, and information regarding their resolution.
4. The State will submit to HCFA on an annual basis the number children identified in category 5 of the BBA definition of CSCHN who voluntarily transfer from one MCO to another.
5. The State will require that MCOs serving children identified in category 5 of the BBA definition of CSCHN perform assessments of these children's needs and the implementation of treatment plans, as appropriate, based upon these assessments.

This approval is also contingent upon the State tracking the costs for all services impacted by the waiver. These costs should be included in the cost effectiveness calculations for the next waiver renewal submission. In addition, the State should ensure that all payments are consistent with current Federal rules and regulations.

During the course of our review of your waiver renewal proposal, we became aware of some potential issues regarding a State Plan Amendment (SPA) which was approved in 1993. The payment methodologies authorized by that SPA applied to Medicaid payments that would be made with or without the presence of the waiver. Because the SPA was approved prior to the 1994 approval of the Section 1915(b) waiver authorizing Hoosier Healthwise, we consider that these potential issues should not negatively impact our consideration of the State's waiver renewal request. However, we remain concerned about this and other potential issues and staff from the Chicago Regional Office and Central Office will be contacting you to clarify and resolve these issues.

Approval of this waiver request covers a period of two years, from April 24, 2001 through April 23, 2003. You may request that this authority be renewed and should submit your request for renewal 90 days in advance of the waiver's expiration date.

We wish you continued success with your program. If you have any questions, please contact Nancy Goetschius of my staff at (410) 786-0707 or Terri Fey of the Chicago Regional Office at (312) 353-8168.

Sincerely,

/s/

Mike Fiore
Director

cc: Terri Fey, HCFA Chicago Regional Office
Suzan Stecklein, HCFA Central Office